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Trade Union Congress

Family allowances

[London]

[1930?]

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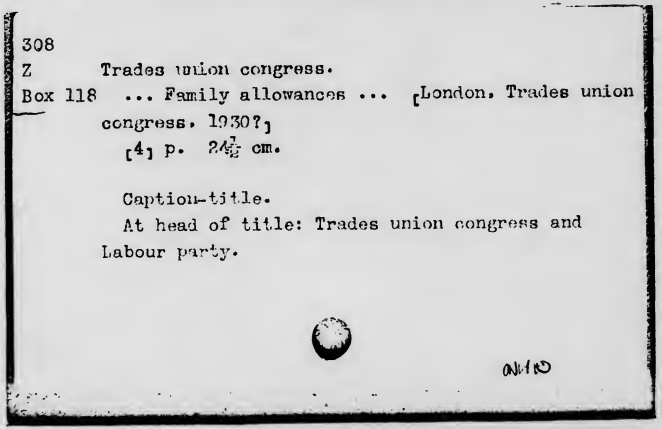

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TRADES UNION CONGRESS AND LABOUR PARTY

TRANSPORT HOUSE, SMITH SQUARE, LONDON, S.W.1

Oct 3 1930 JA/HEW

FAMILY ALLOWANCES

A Special Joint Committee appointed by the General Council of the Trades Union Congress and the National Executive of the Labour Party has been considering the question of Family Allowances.

The Committee was composed as follows:—

Representing the Trades Union Congress :	*Representing the Labour Party :*
JOHN BEARD	Mrs. J. L. ADAMSON
HERBERT H. ELVIN	Dr. ETHEL BENTHAM, M.P.
JOHN HILL	Mrs. B. AYRTON GOULD
R. T. JONES	W. H. HUTCHINSON
Miss A. LOUGHLIN	JOSEPH JONES
F. WOLSTENCROFT	HARRY SNELL, M.P.
W. M. CITRINE	F. W. JOWETT, M.P.

308 Z Box 118

Secretary : W. MILNE BAILEY

The Inquiry resulted in the production of a Majority Report and a Minority Report. Both Reports are published in full herein.

MAJORITY REPORT

(1) After a full Inquiry, the most exhaustive, we think, that has yet been made in this country, on the question of Family Allowances, the signatories to this Report have arrived at the conclusion that the most valuable step that can now be taken to further the welfare of the nation's children is the institution of a scheme of Family Allowances to be paid in cash to the mothers. We regret that some of our colleagues on the Committee take a different view, and we therefore think it desirable to set out in some detail our reasons for making this recommendation.

(2) In the first place it is common ground among us that further provision needs to be made for the health, education and general well-being of the children, and of working-class children in particular. We all believe whole-heartedly in the further development and extension of the social services that are now accomplishing such valuable work in this direction. The question has arisen, however, whether in addition the time is not ripe for the State to make cash payments in respect of dependent children, in order to lighten the burden that now falls on the mothers who are trying to bring up a family on a hopelessly inadequate income.

(3) We believe that cash payments would be the most effective means, at the moment, of improving the health and promoting the welfare of their children, so easing this burden. We are convinced that the money so disbursed would be spent both wisely and economically, since in our view the mothers themselves are best able, because of their own experience and training and their overwhelming personal interest, to apportion this expenditure in the way most calculated to secure the well-being of their children. No public authority can, in our view, make money go as far in the provision of food, clothing, and healthy surroundings, as can the mothers who have learned economy in the hard school of experience.

(4) We are further emboldened to recommend cash payments by the example of the Income Tax Rebate, now in operation, in respect of children. In our view the principle of making an allowance for each child of the Income Tax payer is a sound one. In practice the middle-class parent, who pays Income Tax, receives a Family Allowance from the State to the extent of the tax on £60 for the first child. We do not see why this advantage should not be extended to working-class people whose wages are too low to bring them within the Income Tax limits.

(5) We have examined the schemes of Family Allowances in operation in other countries, but we do not draw any precise conclusions from the results of their working

because the conditions in those countries, and the schemes themselves, for the most part differ from anything we should have in mind in this country.

(6) We believe, however, that beneficial results have followed and must follow the diversion of a large amount of purchasing power to the mass of the people. Such sums of money, paid direct to the mothers, immediately increase the consuming power of the people, and the full benefits of this are obtained since nothing is wasted in administrative costs.

(7) The only objection we have heard that we consider really serious is that urged by a number of Trade Union representatives, who feel that the institution of cash payments would gravely affect the present methods of wage negotiation and would introduce a new and disturbing factor that would prove detrimental to the interests of the workers. We have given this objection the weight it deserves, coming as it does from responsible leaders of the Trade Union Movement, but we are convinced that these fears are groundless. We agree with those other Trade Union leaders who have told us that they are very firm in their view that a system of Family Allowances would not hamper the Unions at all in their negotiations. Indeed, we believe that during industrial conflicts the Unions will be very considerably helped by the existence of such a scheme, since the workers' children will be removed from the "firing line" and a great factor of weakness will thus be removed.

(8) We think it essential, in any scheme to be adopted by the Labour Movement, that the necessary funds should come from the Exchequer. We are definitely opposed to any scheme for Family Allowances to be financed wholly or in part by contributions from the workers and employers, to schemes for particular firms, industries or localities, and to schemes controlled by employers. In our view the only satisfactory system is one financed and administered by the State, payments being made direct to the mother (or appropriate guardians where the mother is dead or is not actually bringing up the children), through the Post Office. The allowances should be paid in respect of illegitimate children in precisely the same way as for legitimate children.

(9) In order to keep the scheme within reasonable limits, we take the view that where a rebate of Income Tax is obtainable in respect of any child, no Family Allowance should be payable in respect of that child. In other words, the scheme would not apply to the Income Tax paying class.

(10) We recommend that the rate of allowance should be 5*s*. per week for the first child, and 3*s*. per week for each subsequent child, these sums to be payable from birth to the school-leaving age for the time being in force. These rates we consider the fairest in the circumstances, though we do not thereby express any view as to the sum really adequate to bring up children properly. These amounts would, however, make a material difference to millions of working-class mothers and children.

(11) The second part of our Terms of Reference on Family Allowances refers to the bearing of the system on different industries and its working out in those industries. We take it that in so far as it is not covered by our discussion of the effect on wage negotiations, this reference was made in case some kind of industrial scheme was favoured. As we recommend an all-inclusive State scheme, applying equally to workers in all industries, we do not consider it is necessary to deal further with this aspect of the question. Industries as such would not be concerned with the financing or administration of the scheme we recommend.

(12) *To conclude*, we summarise our recommendations as follows:—

(*a*) That Family Allowances be paid, out of public funds, in respect of each child from birth to the school-leaving age for the time being in force.

(*b*) That the allowances be at the rate of 5*s*. per week for the first child and 3*s*. per week for each succeeding child.

(*c*) That the allowances be paid direct to the mother, or appropriate guardian.

(*d*) That the allowances be paid for all children (in respect of whom Income Tax Rebate is not obtainable).

(*e*) That the allowances be paid through the Post Office.

(*Signed*) J. Beard
J. L. Adamson
Ethel Bentham
B. Ayrton Gould
J. Hill
Joseph Jones
F. W. Jowett
R. T. Jones
A. Loughlin

MINORITY REPORT

(1) We regret that we are unable to concur in the recommendations made by the majority of our colleagues on the Committee, and we therefore submit this Minority Report.

(2) We agree entirely that further financial provision is urgently needed for the improvement of the health, education and general well-being of the children. We differ only in our view as to the most effective and economical means to that end in the present circumstances of the nation.

(3) We wish to record our conviction at the outset that working-class mothers would spend cash allowances with the utmost economy and with unselfish regard for their children. We do not differ from our colleagues on this point, and our case does not rest on any belief that cash allowances would be squandered or diverted to wrong channels. Such a belief, if held by anyone, is in our view utterly false and may be disregarded in any discussion of the question.

(4) Nor do we wish to argue at length the question of the possible effects which a system of cash payments might have upon wage negotiations and collective agreements, though we are quite satisfied that such a system would affect detrimentally negotiations regarding wage fixing. We do feel, however, that if any comparison with social services is to be made on this point, the cash allowance system is more likely to affect the Unions adversely. Beyond expressing this opinion we do not go into the question at all.

(5) We must further make it clear that we do not oppose the system of cash payments because of any fundamental objection to the principle of cash as against services. Indeed, we recommend below that assistance in the form of cash payments might well be made for the first year or two of the child's life, and during the last year of the child's attendance at school, when the school-leaving age is raised to 15. We do, however, oppose the institution at the present time of any scheme under which very large sums of money would be expended out of public funds for the purpose of paying a stated sum weekly for each child from birth to the school-leaving age.

(6) Despite the protestations of the majority of the Committee regarding the desirability of further extending the social services, we are forced to the conclusion that at the present time the payment of cash allowances would have to be an alternative to further developments of social services. At the lowest computation the payment of allowances at the rate of 5*s*. per week for each child would cost about £100,000,000 per annum. At the lower rate for children after the first, as recommended in the Majority Report, the cost would presumably be somewhere in the neighbourhood of £70,000,000 per annum. It is merely blinking the facts to imagine that any Government in the near future is going to be able to raise this sum in addition to all other commitments, including extensions of social services. If such a sum were released for this purpose it is obvious to us that nothing would be available for developing the national health, education and pensions services.

(7) The crucial question to us is therefore *not* whether to pay cash allowances would be ideally sound policy, but whether, given a certain sum at the present time, be it ten or fifty millions, to disburse it in cash payments would be a better, more effective, more economical and socially more advantageous policy than to devote it to developing our social services. The question, in our view, admits of but one answer. Such funds as are available would achieve far more valuable results in the form of improved health, education and other conditions of well-being for the children, if expended in developing the social services than if spent in cash payments.

(8) Our reason for taking this view is not, as we have said, any reflection on the ability of working-class mothers to spend the money economically. It is largely a matter of financial arithmetic, if we may so express it, and the immediate best results from the national point of view. In order to create the best type of environment for the nation's children the expenditure of large sums is needed, for the problem is a social and not merely an individual one. It is not only a matter of sufficient food and clothes. It is a matter of housing, town-planning, preventive health services, clinics, nursery schools, open-air schools, maternity services, dental clinics, pure milk supply, and so on. Such necessities cannot in the nature of things be provided otherwise than collectively, and they involve the expenditure of very large sums. If those sums are distributed by way of small weekly payments these services cannot thereby be created or extended. An

allowance of 5s. a week, for instance, will not enable a slum family to get a decent house somewhere else. The houses have to be built, the slums have to be cleared, and if the funds available are limited we consider that these socially-provided services should come first, in the interests of the children themselves. No amount of maternal care, plus a small cash allowance, can provide remedial measures, including, perhaps, special treatment, for the sick child. A large sum has to be spent in providing these schemes, and the same results will not be attained if the funds are frittered away in small amounts, however wisely and economically those small amounts are spent. On this matter we were greatly impressed by the evidence of Dr. Salter and other Labour medical witnesses, who were emphatic in their view that for a given sum available far more valuable results would be obtained by devoting it to collective schemes for health and education services than by distributing it in cash allowances. We agree with this view, and this is our main reason for making different recommendations from those in the Majority Report.

(9) We believe, in short, that the development of the national health, education and other social services is so vital in the interests of the workers' children that all the funds available for such social purposes should be spent in extending these services, until they are completed, rather than in paying out cash allowances.

(10) *We therefore recommend* that before any decision on Family Allowances is taken, the following social services should be fully established out of public funds:—

(i) A complete medical service (preventive and treatment) for all children from birth to the school-leaving age.

(ii) Pre-natal and post-natal maternity service, together with a cash payment for each child for the first year or two years after birth.

(iii) The raising of the school-leaving age, with adequate maintenance allowances during the additional year.

(iv) The provision of nursery schools for children up to the age of admission to elementary schools.

(v) The provision of adequate healthy houses.

(vi) The elimination of tuberculosis and the provision of pure milk.

(*Signed*) H. H. ELVIN
W. H. HUTCHINSON
F. WOLSTENCROFT

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